

Northern Kentucky
Water District

RECEIVED

MAR 20 2013

PUBLIC SERVICE
COMMISSION

March 16, 2013

Ms. Linda Faulkner, Director
Division of Filings
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 2010-00038
PreTreatment Building Improvements at the Memorial Pkwy. Treatment Plant

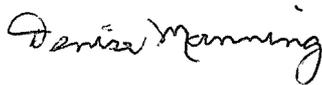
Ms. Faulkner:

Below is the break down of construction costs for the above mentioned case number. The amounts are classified into appropriate accounts in accordance with the Uniform System of Accounts.

Account #304, Structures & Improvement	\$10,805,325.84
Account #310, Power Generation Equipment	\$ 751,606.74
Account #311, Pumping Equipment	\$ 844,878.82
Account #320, Water Treatment Equipment	<u>\$ 1,810,380.52</u>
Total Project Cost	\$14,212,191.92

I have enclosed copies of "as-built" drawings and a certified statement from a professional engineer stating that the project has been completed in accordance with the approved plans and specifications as required under Item #5 of the order. I have also enclosed copies of two Supplemental Assistance Agreements that pertain to the KIA loan for this project. If you have any questions or need additional information, please be sure to let me know.

Sincerely,



Denise Manning
Clerk, Engineering Dept.

Enclosures (4)

Cc: File

Mr. Jack Bragg – V.P. Financial, NKWD
Mr. Jack Hughes – District PSC Attorney



CERTIFICATE OF COMPLETION FOR CONSTRUCTION

Memorial Parkway Treatment Plant Advanced Treatment Project

PSC Case No. 2010-00038

KDOW No. APE20090010

This is to certify that the above-named project was completed in accordance with the approved plans and specifications to the best of my knowledge.



RESOLUTION

RESOLUTION OF THE NORTHERN KENTUCKY WATER DISTRICT APPROVING AND AUTHORIZING A FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT BETWEEN THE NORTHERN KENTUCKY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("governing authority") of the Northern Kentucky Water District ("Governmental Agency") has previously determined that it is in the public interest to finance improvements to the Governmental Agency's Water System (the "Project"); and

WHEREAS, the Governmental Agency made an application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency entered into an Assistance Agreement dated as of June 1, 2010 with the Authority; and

WHEREAS, since the date of the Assistance Agreement the scope of the Project has been expanded and the Authority has agreed to provide additional monies for the Project; and

WHEREAS, in order to receive such additional monies for the Project it is necessary for the Governmental Agency to enter into a First Supplemental Assistance Agreement with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the governing authority of the Northern Kentucky Water District, as follows:

SECTION 1. That the governing authority hereby approves and authorizes the First Supplemental Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby is authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

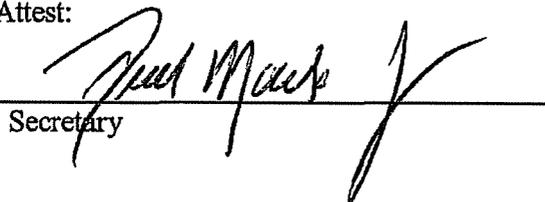
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on April 21, 2011.



Chairman

Attest:

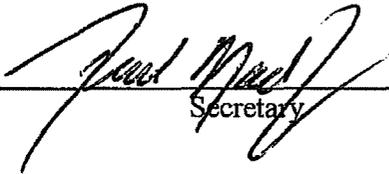


Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Northern Kentucky Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Northern Kentucky Water District at a meeting duly held on April 21, 2011; that said official action appears as a matter of public record in the official records or journal of the Northern Kentucky Water District; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 21st day of April, 2011.


Secretary

54795v1

KENTUCKY INFRASTRUCTURE AUTHORITY

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F09-02

BORROWER: Northern Kentucky Water District

BORROWER'S ADDRESS: 2835 Crescent Springs Road
Erlanger, Kentucky 41018

DATE OF ASSISTANCE AGREEMENT: June 1, 2010

DATE OF FIRST SUPPLEMENTAL
ASSISTANCE AGREEMENT: April 1, 2011

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

This First Supplemental Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "First Supplemental Agreement") by and between the Kentucky Infrastructure Authority, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the governmental agency identified on the cover of this First Supplemental Agreement (the "Governmental Agency"):

WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project; and

WHEREAS, in connection with, and as a condition to, such additional funding, the Governmental hereby covenants that the additional components of the Project to be funded is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN AND IN THE ASSISTANCE AGREEMENT, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I

RELATION TO ASSISTANCE AGREEMENT

Section 1.1. This First Supplemental Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this First Supplemental Agreement.

ARTICLE II

AMENDMENTS TO ASSISTANCE AGREEMENT

Section 2.1. Exhibit A attached to the Assistance Agreement is hereby amended by supplementing said Exhibit A with the Exhibit A attached hereto.

Section 2.2. Exhibit G attached to the Assistance Agreement is hereby amended by replacing said Exhibit G in its entirety with the Exhibit G attached hereto.

Section 2.3. The Assistance Agreement is hereby amended by adding Exhibit H as set forth in Exhibit H attached hereto.

ARTICLE III

EFFECT OF FIRST SUPPLEMENTAL AGREEMENT

Section 3.1. From and after the time of taking effect of this First Supplemental Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this First Supplemental Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

ARTICLE IV

EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

Section 4.1. *Time of taking effect.* This First Supplemental Agreement shall be effective as of the day and year written on the cover page hereof.

Section 4.2. *Invalidity of any provision.* In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 4.3. *Execution in counterparts.* This First Supplemental Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Agreement to be executed by their respective duly authorized officers as of the day and year stated on the cover page hereof.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: _____

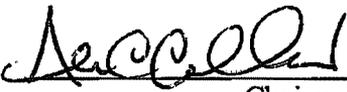
Title: _____

Attest:

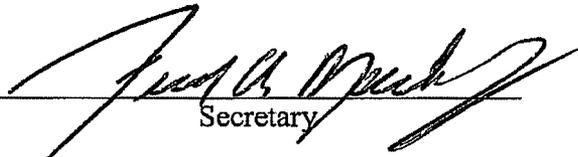
Title _____

GOVERNMENTAL AGENCY:

NORTHERN KENTUCKY WATER DISTRICT

By: 
Chairman

Attest:

By: 
Title Secretary

APPROVED:

EXAMINED:

SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

ENERGY AND ENVIRONMENT CABINET

By: _____
Director, Division of Water

APPROVED AS TO FORM AND LEGALITY

APPROVED
FINANCE AND ADMINISTRATION CABINET

Exhibit A

(See Attached)

EXHIBIT A
Northern Kentucky Water District
PROJECT SPECIFICS
F09-02 (increase)

GOVERNMENTAL AGENCY:

Name: Northern Kentucky Water District
2835 Crescent Springs Road
Erlanger, KY 41018

Contact
Person: Richard Harrison, P.E.
(859) 578-5458

SYSTEM: Drinking Water

PROJECT: The Northern Kentucky Water District is requesting an \$8,000,000 increase to its previously approved \$8,000,000 DWSRF loan for an Advanced Treatment project. Phases III (Ft. Thomas WTP) and IV (Memorial Parkway WTP) involve the installation of granular activated carbon (GAC) post-filter contactors, ultraviolet disinfection and replacement of undersized emergency power generators. Phase V (Taylor Mill WTP) involves the installation of GAC pressure vessels, the replacement/rehab of existing sedimentation basins and installation of an emergency power generator. The addition of GAC is necessary for NKWD to comply with Stage 2 of the Disinfection By-Product Rule by 2012. NKWD originally requested KIA funds for the entire project; however, due to the funding cap they received \$8,000,000 from the 2010 funding cycle. The project ranked 1st on the 2011 DWSRF Priority list and are requesting additional funding for the project. The project also meets the criteria to qualify \$8,000,000 in green project reserve (GPR) funding which will allow Kentucky to exceed the minimum required for GPR in 2011.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 26,500
Legal Expenses	2,500
Land, Easements	285,500
Engineering Fees	8,814,000
Construction	64,050,000
Contingency	7,121,500
Total	\$ 80,300,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 16,000,000	20%
NKWD	64,300,000	80%
Total	\$ 80,300,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 16,000,000
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 974,579
Administrative Fee (0.25%)	40,000
Total Estimated Annual Debt Service	\$ 1,014,579

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/11).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/14).

REPLACEMENT RESERVE ACCOUNT:

The NKWD self funds an Improvement, Repair and Replacement Account which is available to make major repairs and replacements and to pay the cost of construction of additions, extensions and improvements to the water system. The account assets as of December 31, 2009 are \$11,310,713. Based on the account already in place, the system will not be required to further fund an additional replacement reserve specifically for this loan.

ADMINISTRATIVE FEE: 0.25%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

<u>Debt Issuance</u>	<u>Outstanding</u>	<u>Maturity</u>
Series 1997 Revenue Bonds	\$ 2,830,000	2023
Series 1998 Revenue Bonds	8,725,000	2029
Series 2001 Revenue Bonds	14,595,000	2027
2000 Rural Development Loan	2,085,000	2039
Series 2002A Revenue Bonds	42,905,000	2028
Series 2002B Revenue Bonds	6,615,000	2017
Series 2003A Revenue Bonds	1,400,000	2032
Series 2003B Revenue Bonds	25,050,000	2028
Series 2003C Revenue Bonds	16,300,000	2020
Series 2004 Revenue Bonds	9,040,000	2029
Taylor Mill Purchase Financing	1,450,000	2018
Series 2006 Revenue Bonds	27,230,000	2031
Series 2009 Bond Anticipation	29,160,000	2011
Series 2009 Revenue Bonds	28,290,000	2033
KIA Fund C Loan (C08-01)	6,000,000	2020
KIA Fund F Loan (F06-03)	3,785,980	2028
KIA Fund F Loan (F08-07)	3,067,771	TBD
Total	\$ 228,528,751	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	_____
Death or Personal Injury (per occurrence)	_____
Property Damage on System	_____

Exhibit G

1. The Loan will take a subordinate position to any future parity debt issued by the Governmental Agency ("Parity Debt"), subject to compliance by the Governmental Agency with the following conditions:
 - a. The "coverage" requirement in the existing general bond resolution adopted by the Governmental Agency on November 19, 1985, as amended and supplemented on November 17, 1987 (collectively, the "General Bond Resolution") must be met. This requirement specifies that there shall be filed a certificate prepared by an independent firm of certified public accountants demonstrating that the net annual income and revenues of the System are at least 1.20 times the maximum annual debt service requirements.
 - b. At the time of the issuance of any additional parity debt under the Bond Ordinance, the Governmental Agency must submit to the Authority a certificate by a firm of certified public accountants certifying coverage of 110% after taking into account the debt then proposed to be issued as well as all subordinate debt outstanding including the Authority's loan. The methodology for calculating such coverage shall be the same as is applied under the General Bond Resolution for the parity test.
2. The Authority to Award (bid) package must be submitted to the Division of Water ("DOW") for approval within 14 days of bid opening for the Taylor Mill (Phase V) contract. DOW must perform the DBE reviews and approve executed contract documents.
3. No construction funds for Phase V will be reimbursed to the Governmental Agency until the Authority receives from DOW a certification letter that states that Phase V has been bid and meets all state revolving fund requirements.
4. Project construction costs will be reimbursed monthly to the Governmental Agency upon presentation to the Authority and DOW of invoices and supporting documentation showing costs incurred.

Exhibit H

BUSINESS CASE REQUIREMENTS FOR GREEN PROJECT RESERVE

(See Attached)

54794v1

RESOLUTION

RESOLUTION OF THE NORTHERN KENTUCKY WATER DISTRICT APPROVING AND AUTHORIZING A SECOND SUPPLEMENTAL ASSISTANCE AGREEMENT BETWEEN THE NORTHERN KENTUCKY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("governing authority") of the Northern Kentucky Water District ("Governmental Agency") has previously determined that it is in the public interest to finance improvements to the Governmental Agency's Water System (the "Project"); and

WHEREAS, the Governmental Agency made an application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency entered into an Assistance Agreement dated as of June 1, 2010 with the Authority; and

WHEREAS, since the date of the Assistance Agreement the scope of the Project has been expanded and the Authority has agreed to provide additional monies for the Project; and

WHEREAS, in order to receive such additional monies for the Project it is necessary for the Governmental Agency to enter into a Second Supplemental Assistance Agreement with the Authority.

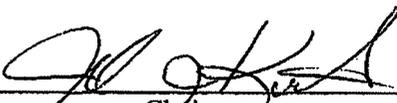
NOW, THEREFORE, BE IT RESOLVED by the governing authority of the Northern Kentucky Water District, as follows:

SECTION 1. That the governing authority hereby approves and authorizes the Second Supplemental Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby is authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

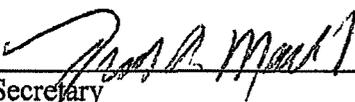
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on November 30, 2011.



Chairman

Attest:



Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Northern Kentucky Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Northern Kentucky Water District at a meeting duly held on November 30, 2011; that said official action appears as a matter of public record in the official records or journal of the Northern Kentucky Water District; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 30 day of November, 2011.


Secretary

60039v1

KENTUCKY INFRASTRUCTURE AUTHORITY

SECOND SUPPLEMENTAL ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F09-02

BORROWER: Northern Kentucky Water District

BORROWER'S ADDRESS: 2835 Crescent Springs Road
Erlanger, Kentucky 41018

DATE OF ASSISTANCE AGREEMENT: June 1, 2010

DATE OF SECOND SUPPLEMENTAL
ASSISTANCE AGREEMENT: November 1, 2011

SECOND SUPPLEMENTAL ASSISTANCE AGREEMENT

This Second Supplemental Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Second Supplemental Agreement") by and between the Kentucky Infrastructure Authority, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the governmental agency identified on the cover of this Second Supplemental Agreement (the "Governmental Agency"):

WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project; and

WHEREAS, in connection with, and as a condition to, such additional funding, the Governmental hereby covenants that the additional components of the Project to be funded is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN AND IN THE ASSISTANCE AGREEMENT, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I

RELATION TO ASSISTANCE AGREEMENT

Section 1.1. This Second Supplemental Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this Second Supplemental Agreement.

ARTICLE II

AMENDMENTS TO ASSISTANCE AGREEMENT

Section 2.1. Exhibit A attached to the Assistance Agreement is hereby amended by supplementing said Exhibit A with the Exhibit A attached hereto.

Section 2.2. Exhibit G attached to the Assistance Agreement is hereby amended by replacing said Exhibit G in its entirety with the Exhibit G attached hereto.

Section 2.3. The Assistance Agreement is hereby amended by adding Exhibit H as set forth in Exhibit H attached hereto.

ARTICLE III

EFFECT OF SECOND SUPPLEMENTAL AGREEMENT

Section 3.1. From and after the time of taking effect of this Second Supplemental Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this Second Supplemental Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

ARTICLE IV

EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

Section 4.1. *Time of taking effect.* This Second Supplemental Agreement shall be effective as of the day and year written on the cover page hereof.

Section 4.2. *Invalidity of any provision.* In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 4.3. *Execution in counterparts.* This Second Supplemental Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Agreement to be executed by their respective duly authorized officers as of the day and year stated on the cover page hereof.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: _____

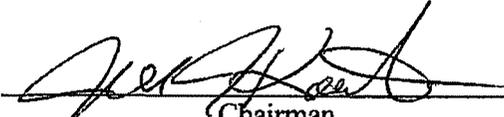
Title: _____

Attest:

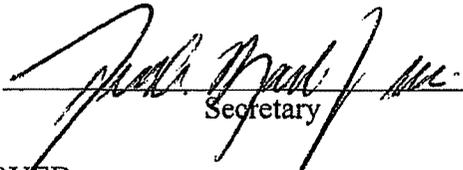
Title _____

GOVERNMENTAL AGENCY:

NORTHERN KENTUCKY WATER DISTRICT

By:  _____
Chairman

Attest:

By:  _____
Title Secretary

APPROVED:

EXAMINED:

SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

ENERGY AND ENVIRONMENT CABINET

By: _____
Director, Division of Water

APPROVED AS TO FORM AND LEGALITY

APPROVED
FINANCE AND ADMINISTRATION CABINET

Exhibit A
(See Attached)

60038v1

EXHIBIT A
Northern Kentucky Water District
PROJECT SPECIFICS
F09-02 (increase)

GOVERNMENTAL AGENCY:

Name: Northern Kentucky Water District
 2835 Crescent Springs Road
 Erlanger, KY 41018

Contact Person: Richard Harrison, P.E.
 (859) 578-5458

SYSTEM: Drinking Water

PROJECT: The Northern Kentucky Water District is requesting an \$8,000,000 increase to its previously approved \$16,000,000 DWSRF loan for an Advanced Treatment project. Phases III (Ft. Thomas WTP) and IV (Memorial Parkway WTP) involve the installation of granular activated carbon (GAC) post-filter contactors, ultraviolet disinfection and replacement of undersized emergency power generators. The addition of GAC is necessary for NKWD to comply with Stage 2 of the Disinfection By-Product Rule by 2012. NKWD originally requested KIA funds for the entire project; however, due to the funding cap they received \$8,000,000 from the 2010 funding cycle and a subsequent \$8,000,000 from the 2011 funding cycle. The project ranked 2nd on the 2012 DWSRF Priority list and the district is requesting additional funding for the project. The project also meets the criteria to qualify \$2,222,300 in green project reserve (GPR) funding which will allow Kentucky to exceed the minimum required for GPR for the 2010 Capitalization Grant.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 12,000
Legal Expenses	1,500
Engineering Fees	5,664,000
Construction	36,050,000
Contingency	3,572,500
Total	\$ 45,300,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 24,000,000	53%
NKWD	21,300,000	47%
Total	\$ 45,300,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 24,000,000
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 1,461,869
Administrative Fee (0.25%)	60,000
Total Estimated Annual Debt Service	\$ 1,521,869

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/11).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/1/13).

REPLACEMENT RESERVE ACCOUNT:

The Northern Kentucky Water District self funds an "Improvement, Repair and Replacement Account" which is available to make major repairs and replacements and to pay the cost of construction of additions, extensions and improvements to the water system. The account assets as of December 31, 2010 are \$6,874,835. Based on the account in place, no additional replacement reserve will be required for this loan.

ADMINISTRATIVE FEE: 0.25%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

<u>Debt Issuance</u>	<u>Outstanding</u>	<u>Maturity</u>
Series 1997 Revenue Bonds	\$ 1,855,000	2022
Series 1998 Revenue Bonds	8,430,000	2029
Series 2001 Revenue Bonds	14,520,000	2027
2000 Rural Development Loan	2,054,000	2039
Series 2002A Revenue Bonds	42,440,000	2028
Series 2002B Revenue Bonds	5,840,000	2017
Series 2003A Revenue Bonds	1,360,000	2032
Series 2003B Revenue Bonds	24,110,000	2028
Series 2003C Revenue Bonds	14,995,000	2020
Series 2004 Revenue Bonds	8,735,000	2029
Taylor Mill Purchase Financing	1,275,000	2018
Series 2006 Revenue Bonds	26,455,000	2031
Series 2009 Revenue Bonds	27,645,000	2033
KIA Fund F Loan (F06-03)	3,630,244	2028
KIA Fund F Loan (F08-07) *	3,067,771	TBD
KIA Fund C Loan (C08-01)	6,000,000	2020
Series 2009 Bond Anticipation	29,160,000	2011
KIA Fund F Loan (F09-02) *	3,478,784	TBD
Total	\$ 225,050,799	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person) _____

Death or Personal Injury (per occurrence) _____

Property Damage on System _____